

IN THE UNITED STATES BANKRUPTCY COURT FOR THE
MIDDLE DISTRICT OF TENNESSEE

IN RE:)	
)	
NUKOTE INTERNATIONAL, INC., et. al.,)	CASE NO. 09-06240-KL3-11
)	
Debtor,)	
)	
NUKOTE INTERNATIONAL, INC., et. al.,)	
)	
Movant,)	
)	
VS.)	CONTESTED MATTER
)	Debtor's Objection to WARN Act
COMMITTEE OF FORMER EMPLOYEES))	Claims of Former NY Employees
)	
Respondent.)	

STIPULATION AND ORDER

Nukote International, Inc. ("Nukote") and the Committee of Terminated Employees ("Committee"), by their respective counsel, stipulate and agree as follows:

1. Nukote filed the instant Chapter 11 proceeding on June 3, 2009.
2. The Committee was authorized and formed by the Court on August 26, 2009 to represent the interests of former employees of Nukote who claimed to have unsecured priority and general unsecured claims arising from Federal and New York State WARN Act violations.
3. The former employees of Nukote filed claims against Nukote asserting both unsecured priority wage claims and general unsecured claims, pursuant to the attached schedule.
4. Nukote objected to the allowance of the claims in their entirety.
5. On January 4, 2010, the Court entered an Order confirming Nukote's Chapter 11 Plan of Reorganization as Modified (the "Plan").

6. The Plan provided that Allowed Priority Wage Claims shall be paid in full by the Trust on the later of (a) the Effective Date or (b) if such Claim is a Contested Claim, the date on which the Order allowing such Claim becomes a Final Order. The Plan further provided that the Reorganized Debtor would fund the Trust in an amount necessary to fund payment of any allowed priority wage claims subject to a right of reimbursement.

7. In addition, the Plan provided to pay General Unsecured Claims pro rata from the Trust, which would be funded by recoveries from avoidance actions and 17.5% of recovery from litigation by Nukote against Office Depot.

8. The parties have reached a resolution with respect to allowance of the Unsecured Priority Wage Claims and General Unsecured Claims filed by the former employees of Nukote.

- a. All Unsecured Priority Wage Claims as are set forth on the attached schedule, are to be allowed at the rate of eighty-five percent (85%) of the amount of the claim.
- b. All General Unsecured Claims, including fifteen percent (15%) of the Unsecured Priority Wage Claim, are to be allowed in full as unsecured claims.

9. The Allowed Unsecured Priority Wage Claims are to be paid solely from the Trust contemplated by the Plan, which is to be funded from avoidance actions and the Office Depot litigation. Nukote shall have no further obligation to fund the Trust with cash as contemplated by Section 8.4 of the Plan, as Modified. The Allowed Unsecured


Priority Wage Claims shall be paid from the Trust prior to any pro rata distribution to General Unsecured Claims.

10. Davidson Fink LLP and Wagner, Myers & Sanger, P.C. have been appointed as counsel for the Committee. Davidson Fink LLP and Wagner, Myers & Sanger, P.C. have legal fees and costs allowed by the Court in the amounts of \$67,850.91 and \$16,116.24, respectively. In addition, Davidson Fink LLP and Wagner, Myers & Sanger, P.C. have post-confirmation fees due in the amounts of \$26,640.92 and \$7,801.49, respectively, for total fees due, to date of \$94,491.83 and \$23,917.73, respectively.

11. The parties agree that these fees shall be treated as Administrative Priority Claims from the Trust, to be paid from Trust assets prior to payment of any other claim or interest. Nukote shall have no obligation for the payment of such claims.

Approved for entry:

DAVIDSON FINK, LLP



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and

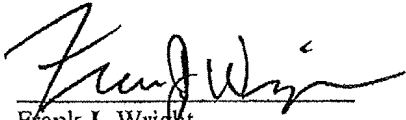
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Attorneys for Official Committee of Terminated Employees

WRIGHT GINSBERG BRUSLOW P.C.

A handwritten signature in black ink, appearing to read "Frank J. Wright", is written over a horizontal line.

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